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APPLICATION NO.	FILING DATE	FIRST NAMED INVENTOR	ATTORNEY DOCKET NO.	CONFIRMATION NO.
09/522,709	03/10/2000	Fernando L. Alvarado	43920-032	5984
20277	7590	07/14/2008		
MCDERMOTT WILL & EMERY LLP			EXAMINER	
600 13TH STREET, N.W.			CHANDLER, SARA M	
WASHINGTON, DC 20005-3096				
			ART UNIT	PAPER NUMBER
			3693	
			MAIL DATE	DELIVERY MODE
			07/14/2008	PAPER

**Please find below and/or attached an Office communication concerning this application or proceeding.**

The time period for reply, if any, is set in the attached communication.

<b>Office Action Summary</b>	Application No.	Applicant(s)
	09/522,709	ALVARADO ET AL.
	Examiner SARA CHANDLER	Art Unit 3693

-- The MAILING DATE of this communication appears on the cover sheet with the correspondence address --  
Period for Reply

A SHORTENED STATUTORY PERIOD FOR REPLY IS SET TO EXPIRE 3 MONTH(S) OR THIRTY (30) DAYS, WHICHEVER IS LONGER, FROM THE MAILING DATE OF THIS COMMUNICATION.

- Extensions of time may be available under the provisions of 37 CFR 1.136(a). In no event, however, may a reply be timely filed after SIX (6) MONTHS from the mailing date of this communication.
- If no period for reply is specified above, the maximum statutory period will apply and will expire SIX (6) MONTHS from the mailing date of this communication.
- Failure to reply within the set or extended period for reply will, by statute, cause the application to become ABANDONED (35 U.S.C. § 133).

Any reply received by the Office later than three months after the mailing date of this communication, even if timely filed, may reduce any earned patent term adjustment. See 37 CFR 1.704(o).

#### Status

1) Responsive to communication(s) filed on 05/08/08.

2a) This action is FINAL.      2b) This action is non-final.

3) Since this application is in condition for allowance except for formal matters, prosecution as to the merits is closed in accordance with the practice under *Ex parte Quayle*, 1935 C.D. 11, 453 O.G. 213.

#### Disposition of Claims

4) Claim(s) 1-3,17 and 19-21 is/are pending in the application.

4a) Of the above claim(s) \_\_\_\_\_ is/are withdrawn from consideration.

5) Claim(s) \_\_\_\_\_ is/are allowed.

6) Claim(s) 1-3,17 and 19-21 is/are rejected.

7) Claim(s) \_\_\_\_\_ is/are objected to.

8) Claim(s) \_\_\_\_\_ are subject to restriction and/or election requirement.

#### Application Papers

9) The specification is objected to by the Examiner.

10) The drawing(s) filed on \_\_\_\_\_ is/are: a) accepted or b) objected to by the Examiner.  
Applicant may not request that any objection to the drawing(s) be held in abeyance. See 37 CFR 1.85(a).  
Replacement drawing sheet(s) including the correction is required if the drawing(s) is objected to. See 37 CFR 1.121(d).

11) The oath or declaration is objected to by the Examiner. Note the attached Office Action or form PTO-152.

#### Priority under 35 U.S.C. § 119

12) Acknowledgment is made of a claim for foreign priority under 35 U.S.C. § 119(a)-(d) or (f).

a) All    b) Some \* c) None of:  
 1. Certified copies of the priority documents have been received.  
 2. Certified copies of the priority documents have been received in Application No. \_\_\_\_\_.  
 3. Copies of the certified copies of the priority documents have been received in this National Stage application from the International Bureau (PCT Rule 17.2(a)).

\* See the attached detailed Office action for a list of the certified copies not received.

#### Attachment(s)

1) Notice of References Cited (PTO-892)  
 2) Notice of Draftsperson's Patent Drawing Review (PTO-948)  
 3) Information Disclosure Statement(s) (PTO-1449)  
 Paper No(s)/Mail Date \_\_\_\_\_

4) Interview Summary (PTO-413)  
 Paper No(s)/Mail Date \_\_\_\_\_  
 5) Notice of Informal Patent Application  
 6) Other: \_\_\_\_\_

## DETAILED ACTION

### *Response to Amendment*

This Office Action is responsive to Applicant's arguments and request for continued examination of application 09/522,709 (03/10/00) filed on 05/09/08.

### *Claim Interpretation*

1. In determining patentability of an invention over the prior art, all claim limitations have been considered and interpreted as broadly as their terms reasonably allow. See MPEP § 2111.

Although the claims are interpreted in light of the specification, limitations from the specification are not read into the claims. See *In re Van Geuns*, 988 F.2d 1181, 26 USPQ2d 1057 (Fed. Cir. 1993).

Applicant always has the opportunity to amend the claims during prosecution, and broad interpretation by the examiner reduces the possibility that the claim, once issued, will be interpreted more broadly than is justified. *In re Pruter*, 415 F.2d 1393, 1404-05, 162 USPQ 541, 550-51 (CCPA 1969). See MPEP § 2111.

2. All claim limitations have been considered. Additionally, all words in the claims have been considered in judging the patentability of the claims against the prior art. The following language is interpreted as not further limiting the scope of the claimed invention. See MPEP 2106 II C.

Language in a method claim that states only the intended use or intended result, but the expression does not result in a manipulative difference in the steps of the claim.

Language in a system claim that states only the intended use or intended result, but does not result in a structural difference between the claimed invention and the prior art.

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In other words, if the prior art structure is capable of performing the intended use, then it meets the claim.

Claim limitations that contain statement(s) such as "*if, may, might, can could*", as optional language. As matter of linguistic precision, optional claim elements do not narrow claim limitations, since they can always be omitted.

Claim limitations that contain statement(s) such as "*wherein, whereby*", that fail to further define the steps or acts to be performed in method claims or the discrete physical structure required of system claims.

USPTO personnel should begin claim analysis by identifying and evaluating each claim limitation. For processes, the claim limitations will define steps or acts to be performed. For products, the claim limitations will define discrete physical structures or materials. Product claims are claims that are directed to either machines, manufactures or compositions of matter. See MPEP § 2106 II C.

The subject matter of a properly construed claim is defined by the terms that limit its scope. It is this subject matter that must be examined. As a general matter, the grammar and intended meaning of terms used in a claim will dictate whether the language limits the claim scope. Language that suggests or makes optional but does not require steps to be performed or does not limit a claim to a particular structure does not limit the scope of a claim or claim limitation. The following are examples of language that may raise a question as to the limiting effect of the language in a claim:

- (A) statements of intended use or field of use,
- (B) "adapted to" or "adapted for" clauses,
- (C) "wherein" clauses, or
- (D) "whereby" clauses.

See MPEP § 2106 II C.

3. Independent claims are examined together, since they are not patentable distinct. If applicant expressly states on the record that two or more independent and distinct

inventions are claimed in a single application, the Examiner may require the applicant to elect an invention to which the claims will be restricted.

***Claim Objections***

**Claim 1** is objected to because of the following informalities: .

**Claim 1** recites, "A method of using a computer for managing risk in a market related to electricity delivered over a network comprised of tradable network locations, comprising the steps of:" Should this be -- A computerized method for managing risk in a market related to electricity delivered over a network comprised of tradable network locations, comprising the steps of: --

Appropriate correction is required.

***Claim Rejections - 35 USC § 101***

35 U.S.C. 101 reads as follows:

Whoever invents or discovers any new and useful process, machine, manufacture, or composition of matter, or any new and useful improvement thereof, may obtain a patent therefor, subject to the conditions and requirements of this title.

**Claims 1-3 and 19-21** are rejected under 35 U.S.C. 101 because the claimed invention is directed to non-statutory subject matter.

**Re Claim 1:** The claimed method of claim 1 is not tied to any machine or apparatus such as a computer system. The preamble of the claim states, "A method of using a computer for managing risk in a market related to electricity delivered over a network comprised of tradable network locations, comprising the steps of:" however, this is nothing more than a nominal recitation. The steps performed in the body of the

claim are left entirely to the human operator. Thus, the claimed invention is not a proper process claim.

It is thus clear that the present statute does not allow patents to be issued on particular business systems - such as a particular type of arbitration - that depend entirely on the use of mental processes. In other words, the patent statute does not allow patents on particular systems that depend for their operation on human intelligence alone, a field of endeavor that both the framers and Congress intended to be beyond the reach of patentable subject matter. Thus, it is established that the application of human intelligence to the solution of practical problems is not in and of itself patentable. *Comiskey*, 499 F.3d 1365.

**Re Claim 19:** The preamble of the claim states, "A portfolio generating system and portfolio comprising:." The claimed invention however, does define the discrete physical structures required of the system and how they are working together (e.g., a portfolio is not structural component of a system). Thus, it is unclear what statutory the claimed invention belongs. (Note: See Fig. 4, applicant's specification for structural components that may be used to carry out the steps of the invention)

Dependent claims are rejected based on the same rationale as the claims from which they depend.

#### ***Claim Rejections - 35 USC § 112***

The following is a quotation of the first paragraph of 35 U.S.C. 112:

The specification shall contain a written description of the invention, and of the manner and process of making and using it, in such full, clear, concise, and exact terms as to enable any person skilled in the art to which it pertains, or with which it is most nearly connected, to make and use the same and shall set forth the best mode contemplated by the inventor of carrying out his invention.

**Claims 1-3, 17 and 19-21** rejected under 35 U.S.C. 112, first paragraph, as failing to comply with the enablement requirement. The claim(s) contains subject matter which was not described in the specification in such a way as to enable one skilled in

the art to which it pertains, or with which it is most nearly connected, to make and/or use the invention. The claimed invention recites the following limitations:

creating a portfolio of future positions which includes selecting a portfolio of price risk instruments which represent distribution factors describing the physics of the flow of electricity in the network and the available market of price instruments; and

producing a combination of price risk instruments for the market in which at least one amount of each of the price risk instruments are proportioned to cause the eventual locational prices to be interlocked such that an effect of the congestion prices for the plurality of congestible transmission lines on the locational prices of the electricity is reduced.

It is unclear where support may be found for these limitations in applicant's specification. Applicant's next response should explicitly point out where support may found in order overcome this rejection.

The following is a quotation of the second paragraph of 35 U.S.C. 112:

The specification shall conclude with one or more claims particularly pointing out and distinctly claiming the subject matter which the applicant regards as his invention.

**Claims 1-3, 17 and 19-21** are rejected under 35 U.S.C. 112, second paragraph, as being indefinite for failing to particularly point out and distinctly claim the subject matter which applicant regards as the invention.

Claim 1 recites the limitation "modeling locational prices of the commodity".

There is insufficient antecedent basis for this limitation in the claim. Should this be – modeling locational prices of the commodity.

Claims 1-3, 17 and 21: are rejected under 35 U.S.C. 112, second paragraph, as being incomplete for omitting essential elements, essential steps and/or omitting essential structural cooperative relationships of elements such omission amounting to a gap between the elements, steps and/or the necessary structural connections. See

MPEP § 2172.01. The omitted elements, steps and/or structural cooperative relationships are:

Re Claims 1,17 and 19: Should the claims recite.....

modeling locational prices of the commodity in the market as a linear combination of congestion prices for a plurality of congestible transmission lines in the network,[ wherein said step of modeling locational prices comprises:]

determining a pattern of spot locational prices in the network at the prospective time, [wherein said pattern of spot prices is a function of said set of distribution factors and said plurality of values representing the prices of congestion for the congestible lines;]  
Note: Applicant's specification seems to support this relationship being required however, it is not clear in the invention as claimed.

Re Claim 17: Should the claim recite.....

determining a set of distribution factors representing the physics of the flow of electricity in the network,

determining a plurality of values representing the prices of congestion for the congestible transmission lines at a prospective time; and

determining a pattern of spot locational prices in the network at the prospective time;

Re Claim 19: The structural components required of system/how components working together (e.g., See Fig. 4, applicant's specification). Make system claim operable to carry out the process steps (e.g., See Claim 1).

Dependent claims are rejected based on the same rationale as the claims from which they depend.

#### ***Response to Arguments***

Applicant's arguments have been considered but are moot in view of the new ground(s) of rejection.

#### ***Remarks***

The following will help advance prosecution in the case.

1. Indicate where support may be found for each limitation in independent claims.
2. Show clear correlation between each independent claim (preamble, steps performed). Make sure the only differences between claims are due to differences in statutory class.
3. Indicate the structural components required of system/how components working together (e.g., See Fig. 4, applicant's specification). Make system claim operable to carry out the process steps (e.g., See Claim 1). Currently, the system does not support the method, computer readable medium claim and a restriction may be required.

***Conclusion***

Any inquiry concerning this communication or earlier communications from the examiner should be directed to SARA CHANDLER whose telephone number is (571)272-1186. The examiner can normally be reached on 8-4:30.

If attempts to reach the examiner by telephone are unsuccessful, the examiner's supervisor, James Kramer can be reached on 571-272-6783. The fax phone number for the organization where this application or proceeding is assigned is 571-273-8300.

Information regarding the status of an application may be obtained from the Patent Application Information Retrieval (PAIR) system. Status information for published applications may be obtained from either Private PAIR or Public PAIR. Status information for unpublished applications is available through Private PAIR only. For more information about the PAIR system, see <http://pair-direct.uspto.gov>. Should you have questions on access to the Private PAIR system, contact the Electronic Business Center (EBC) at 866-217-9197 (toll-free). If you would like assistance from a USPTO Customer Service Representative or access to the automated information system, call 800-786-9199 (IN USA OR CANADA) or 571-272-1000.

SMC  
/JAGDISH N PATEL/  
Primary Examiner, Art Unit 3693